

DEPARTMENT OF INSURANCE

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September 5, 2008

The Honorable Arnold Schwarzenegger
Governor of California
State Capitol Building
Sacramento, California 95814

RE: AB 1874 (Coto) – SIGN

Dear Governor Schwarzenegger:

I am writing to urge you to **SIGN Assembly Bill 1874**. The Department of Insurance supports AB 1874, which makes changes to the board of the State Compensation Insurance Fund (SCIF). SCIF is the largest mono-line workers' compensation insurer in the United States, but continues to have a board structure that was established over seventy years ago. This bill will increase the number of board members, commensurate to the level of a similar sized organization, to allow for appropriate governance. It will also require reasonable qualifications for board members, and provide for remuneration consistent with the level of the qualifications and time commitment.

AB 1874 is also necessary to bring accountability to SCIF's board. It establishes training requirements for board members, requires board members to take an active governing role or be subject to replacement if they do not carry out their duties over three consecutive board meetings, and creates conflict of interest requirements for board members.

For these reasons, the CDI urges you to **SIGN Assembly Bill 1874**.

Sincerely,

David Link
Deputy Commissioner and Legislative Director

cc: The Honorable Joe Coto
Michael Prozio, Office of the Governor, Chief Deputy Legislative Secretary
Manolo Platin, Governor's Office of the Insurance Advisor
Janet Frank, President, SCIF
Jeanne Cain, Board Chair, SCIF